

**REGULAR STATE CREDIT UNION BOARD MEETING
HELD BY CONFERENCE CALL
OFFICE OF THE COMMISSIONER
DEPARTMENT OF FINANCIAL INSTITUTIONS
2000 SCHAFER STREET, SUITE G
BISMARCK, NORTH DAKOTA**

December 14, 2012

The regular meeting of the State Credit Union Board was called to order by Chairman Entringer in the Office of the Commissioner, Department of Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota, at 9:29 a.m., Friday, December 14, 2012, by conference call.

MEMBERS PRESENT: Robert J. Entringer, Chairman *(Office)*
 Paul Brucker, Member *(Office)*
 Don Clark, Member *(Fargo)*
 Melanie Stillwell, Member *(Williston)*
 Steve Tonneson, Member *(Minot)*

MEMBERS ABSENT: None

ALSO PRESENT: Aaron Webb, Secretary *(Office)*
 Suzette Richardson, Administrative Staff Officer *(Office)*
 Janilyn Murtha, Assistant Attorney General *(Office)*
 Corey Krebs, Chief Examiner – Credit Unions *(Office)*
 Taylor Lee, Financial Institutions Examiner *(Office)*

WELCOME NEW BOARD MEMBER

Chairman Entringer welcomed Don Clark, Fargo, to the Board. Chairman Entringer indicated Member Clark is a former Legislator and member of Mid-America Credit Union. Chairman Entringer added that Member Clark was appointed as the public member of the Board which was previously held by Darlene Watne, and that his term is 12-6-12 through 6-30-17.

APPROVAL OF MINUTES

Chairman Entringer indicated the Board received copies of the minutes of the regular meeting held on September 7, 2012.

It was moved by Member Brucker, seconded by Member Clark, and unanimously carried to approve the minutes of September 7, 2012, as presented.

ARTICLES OF AMENDMENT TO THE BYLAWS – NORTH STAR COMMUNITY CREDIT UNION, MADDOCK

Chief Examiner Krebs reviewed the following proposed changes to the bylaws for North Star Community Credit Union (North Star):

Article VII – Elections – Section 2: Eliminate the ability to appoint or be nominated for a Board position from the floor.

Article VII – Elections – Section 3: Remove the entire section.

Article VIII – Board of Directors – Section 2: Eliminates an elected Credit Committee.

Article VIII – Board of Directors – Section 6: Eliminates reference to a Credit Committee.

Article VIII – Board of Directors – Sections 7 & 8: Additional language to prevent nepotism on the Board.

Article X – Credit Granting-Credit Manager – Section 3: Provides that a loan officer that has loan authority can truly deny a credit request.

Article XII – Loans to Members – Section 6: Relates to the elimination of the Credit Committee.

Article XIX – General – Section 6: Relates to the elimination of the Credit Committee.

Article XXI – Operations Following a National Emergency or Disaster –
Section 2: Provides that any three available members of the Board shall constitute a quorum in the event of an attack or emergency.

Chief Examiner Krebs stated that North Star’s proposed changes/additions are consistent with what other credit unions have done.

Member Brucker asked Chief Examiner Krebs to explain the proposed election process. Chief Examiner Krebs stated he understands the proposed language provides that if someone wants their name placed on the ballot, the Nominating Committee must be notified 45 days prior to the annual meeting.

Chairman Entringer questioned whether sufficient notice of the annual meeting is given so individuals can conform with the 45-day notice requirement to the Nominating Committee.

Chief Examiner Krebs referenced other credit unions’ bylaws that require individuals to notify the Nominating Committee of their desire to be placed on the ballot within 60 days, which allows this notice to be placed in the membership newsletter.

Member Stillwell asked if North Star’s bylaws address this issue. She added that Western Cooperative Credit Union’s bylaws require that a 60-day notice is published in the yearend statement and membership newsletter, along with the Nominating Committee being established at the previous annual meeting.

Member Tonneson indicated that Prairie Federal Credit Union’s Board of Directors appoints the Nominating Committee yearly in November, and the yearend newsletter directs individuals to contact the Nominating Committee or credit union if they are interested in being on the ballot.

Member Clark asked if the bylaw changes being discussed pertain to North Star only; Chief Examiner Krebs indicated that was correct.

Chairman Entringer quoted North Star’s bylaws: “The annual meeting shall be held each year at such time and place as the Board of Directors shall designate, written or printed notice of the annual meeting shall be given to all members at least ten days before such meeting.”

Chairman Entringer added North Star's bylaws regarding elections state: "At least thirty days prior to each annual meeting the presiding officer may appoint a Nominating Committee." Chairman Entringer stated if a Nominating Committee is not appointed until 30 days prior to the annual meeting, but a 45 day notice is required to the Nominating Committee, it is not possible to give sufficient notice.

Member Stillwell indicated it appears North Star is proposing to eliminate the Credit Committee, which is very typical. Member Stillwell suggested the Board table taking action on proposed amendments relating to nominating board members, but address the other proposed amendments at this time.

Assistant Attorney General Murtha stated there would not be a problem to approve the Amendments to the Bylaws in part and table other parts.

In answer to Member Stillwell's question of whether proposed Amendments to the Bylaws require approval by North Star's Board of Directors or membership, it was indicated North Star's Board of Directors has the authority to approve proposed amendments.

Member Brucker indicated North Star is a membership credit union; therefore, a legitimate process must be followed for elections. Chairman Entringer added the election process needs to be consistent throughout the bylaws.

Member Tonneson indicated he agrees consistency in the bylaws is necessary, and also that the Board address the remaining Amendments to the Bylaws at this time.

It was moved by Member Tonneson, seconded by Member Stillwell, and unanimously carried to approve the Amendments to the Bylaws for North Star Community Credit Union, Maddock, regarding Article VIII, Sections 2, 6, 7, and 8; Article X, Section 3; Article XII, Section 6; Article XIX, Section 6; and Article XXI, Section 2; and table action on Article VII, Sections 2 and 3.

Chairman Entringer indicated he would contact CEO Hegland to explain the Board's action taken today, as well as the concerns regarding Article VII.

SPECIAL MEETING

Chairman Entringer indicated a special meeting may be scheduled in January or February 2013 for another matter; therefore, the Articles of Amendment to the Bylaws for North Star Community Credit Union, Maddock, could also be addressed at that time.

CREDIT UNION BUDGET UPDATE

Chairman Entringer reviewed the Organizational Status by Summary Account and Source for credit unions for the month ending September 30, 2012, as presented.

FINAL APPROVAL OF ADMINISTRATIVE RULES

Chairman Entringer indicated the administrative rules were presented to the Administrative Rules Committee on December 12, 2012, at which time the changes made by the Board as well as changes made as a result of the comment letter were reviewed.

Member Tonneson asked if any comments were received regarding changes the Board made to the rules at its last meeting, and Chairman Entringer indicated no further comments were received and that the Department received a letter from the Attorney General's Office indicating the administrative rules were in substantial compliance with the requirements of Chapter 28-32. Chairman Entringer indicated the administrative rules should become effective January 1, 2013.

PROPOSED MEETING DATES FOR 2013

Chairman Entringer indicated the proposed meeting dates for 2013 are March 1, June 7, September 6, and December 6.

Member Stillwell suggested the June 7th meeting be rescheduled due to a conflict, and it was agreed the meeting be scheduled for June 14th.

It was moved by Member Stillwell, seconded by Member Tonneson, and unanimously carried to approve the following Board meeting dates for 2013: March 1, June 14, September 6, and December 6.

The Board went into closed session at 9:50 a.m. to review the Supervisory Reports of Examination pursuant to North Dakota Century Code 6-01-07.1.

Robert J. Entringer, Chairman

Aaron K. Webb, Secretary